

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Securities Act of Washington by:

IMTEK CORPORATION d/b/a BENEFICIAL  
ASSISTANCE; WILLIAM R. EVANS,  
CHARTERED; DANIEL CURTIN;  
FREDERICK WEATHERBEE; PENNY  
HANSEN; GLEN OTTMAR; STEVEN  
MONROE; ROGER GROSSBOHLIN; their  
agents and employees,

S-01-040-03-CO08

CONSENT ORDER AS TO WILLIAM R.  
EVANS, CHARTERED

Case No. 01-04-151/S-01-040

Respondents.

**INTRODUCTION**

Pursuant to the Securities Act of Washington, the Securities Division, Department of Financial Institutions, and Respondent William R. Evans, Chartered do hereby agree to this Consent Order in settlement of the above captioned matter.

**PROCEDURAL HISTORY**

On December 13, 2001, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist, Notice of Intent to Suspend or Revoke Securities Salesperson Registration, and Notice of Intent to Impose Fines and Order Affirmative Relief SDO-107-01 (hereinafter referred to as the "Summary Order").

On June 17, 2002, the Securities Division entered Consent Order SDO-57-02 as to Frederick Weatherbee. In addition to agreeing to cease and desist from violations of the registration and anti-fraud provisions of the Securities Act, Mr. Weatherbee was barred from being licensed as a securities salesperson or investment adviser representative for a period of five years. Mr. Weatherbee also reimbursed the Securities Division \$2,500 for its investigative costs, and is immediately subject to a \$5,000 fine in the event the Consent Order is violated.

On July 1, 2002, the Securities Division entered Consent Order SDO-57-02 as to Daniel Curtin. In addition to agreeing to cease and desist from violations of the registration and anti-fraud provisions of the Securities Act, Mr. Curtin's securities salesperson license was suspended for a period of sixty days. Mr. Curtin also reimbursed the Securities Division \$2,000 for its investigative costs, and is immediately subject to a \$15,000 fine in the event the Consent Order is violated.

On July 22, 2002, the Securities Division entered Consent Order SDO-64-02 as to Glen Ottmar. In addition to agreeing to cease and desist from violations of the registration and anti-fraud provisions of the Securities Act, Mr. Ottmar was barred from being licensed as a securities salesperson or investment adviser representative for a period of seven years. Mr. Ottmar also reimbursed the Securities Division \$3,000 for its investigative costs, and is immediately subject to a \$65,000 fine in the event the Consent Order is violated.

On July 29, 2002, the Securities Division entered Consent Order SDO-71-02 as to Steven Monroe. In addition to agreeing to cease and desist from violations of the registration and anti-fraud provisions of the Securities Act, Mr. Monroe was barred from being licensed as a securities salesperson or investment adviser representative for a period of five years. Mr. Monroe also reimbursed the Securities Division \$1,500 for its investigative costs, and is immediately subject to a \$15,000 fine in the event the Consent Order is violated.

On August 6, 2002, the Securities Division entered Consent Order SDO-73-02 as to Roger Grossbohlín. In addition to agreeing to cease and desist from violations of the registration and anti-fraud provisions of the Securities Act, Mr. Grossbohlín was barred from being licensed as a securities salesperson or investment adviser representative for a period of two years. Mr. Grossbohlín also reimbursed the Securities Division \$1,000 for its investigative costs, and is immediately subject to a \$15,000 fine in the event the Consent Order is violated.

Respondent Penny Hansen requested a hearing in this matter and one has been scheduled.

On November 20, 2002, Beneficial Services Corporation filed a bankruptcy petition pursuant to Chapter 7 of the federal bankruptcy code in United States Bankruptcy Court in the District of Columbia. As of the date this Consent Order was entered, no discharge has been granted. The Securities Division of the Maryland Office of the Attorney General has intervened in the bankruptcy proceeding.

The Securities Division is entering Consent Order S-01-040-03-CO07 as to Respondent Beneficial concurrently with this Consent Order.

Respondent neither admits nor denies the Tentative Findings of Fact and Conclusions of Law as set forth below.

## **TENTATIVE FINDINGS OF FACT**

### **I. Respondents**

1. **BENEFICIAL SERVICES CORPORATION f/k/a IMTEK CORPORATION d/b/a BENEFICIAL ASSISTANCE** ("Beneficial") is a District of Columbia corporation with a last known business address of 1825 I Street, NW Suite 400, Washington D.C. 20006. Beneficial was at all times relevant to the matters set forth herein in the business of offering and selling viatical settlement contracts.

2. **WILLIAM R. EVANS, CHARTERED** (“Evans”) is a Maryland corporation with a last known business address of 6914 Holabird Avenue, Baltimore, MD 21222. Evans acted as policy owner, attorney-in-fact, and trustee on behalf of investors who were sold viatical settlement contracts, as described below in Section II.

## **II. Nature of the Offering**

### **A. Background**

3. Viatical settlements are generally obtained through an initial transaction in which a viatical settlement broker or viatical settlement provider arranges for the purchase of the ownership and death benefits in a life insurance policy insuring the life of a terminally ill insured (“viator”). The viatical settlement broker or viatical settlement provider negotiates an amount to be paid to the viator, in advance of his or her death, in consideration for the transfer of rights in the policy. The death benefits are either purchased for the benefit of investors or re-sold to investors. Investors are then typically solicited through a network of brokers, funding companies, marketing companies, and/or independent sales agents. The profit earned by the viatical settlement broker or viatical settlement provider is the spread between the purchase price paid by the investor and the amount actually paid to the terminally ill. An investor’s profit is measured by the difference between the purchase price paid by the investor for the viatical settlement contract and his or her percentage of the death benefits ultimately received.

### **B. Summary**

4. From at least July of 1997 through at least February of 2001, Respondents acting in concert, on behalf of one another, and/or acting through their sales agents, offered and sold viatical settlements contracts to at least 45 Washington residents.

1           5. Under the terms of the viatical settlement contracts offered and sold by Beneficial to  
2 Washington residents, investors completed a viatical settlement purchase authorization agreement.  
3 Under the terms of this agreement, Beneficial undertook to identify, qualify, and purchase life insurance  
4 and related death benefits in the form of viatical settlements in accordance with criteria selected by the  
5 investor on the purchase authorization agreement. Investors were given an option of purchasing policies  
6 with expected maturing dates ranging from 12 months to 48 months. Beneficial was given the authority  
7 to receive up to 20% of the purchase funds as administration costs.

8           6. Investor funds were forwarded to Beneficial by the agents for processing and deposit into  
9 the viatical trust account of Beneficial's escrow agent. Beneficial mandated that funds be in the form of  
10 a check, money order, or wire transfer payable to William R. Evans, Chartered Viatical Trust Account.  
11 William R. Evans, Chartered then purportedly acquired the ownership of viaticated insurance policies as  
12 trustee for investors. Pursuant to the terms of the viatical settlement purchase authorization agreement,  
13 Beneficial was responsible for monitoring the progress and death of the viator(s). Upon notification of  
14 the death of the viator(s), the insurance company would make payment to William R. Evans, Chartered  
15 as the purchaser's Attorney-In-Fact, and Beneficial's escrow agent would then remit a check to the  
16 investor for their percentage of the death benefits.

17           7. At least 45 Washington residents invested a total of at least \$1,177,831 in viatical  
18 settlement through Beneficial.

19           8. As of the date the Summary Order was entered, Beneficial was continuing to advertise their  
20 viatical settlement contract investment opportunity on the Internet at  
21 <http://www.beneficialassistance.com/> and <http://www.absoluteassurance.com/>.

1 **III. Registration Status**

2 9. Evans is not currently registered to offer or sell its securities in the state of Washington and  
3 have not previously been so registered.

4 10. Evans is not currently registered as a securities salesperson or broker-dealer in the state of  
5 Washington.

6 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

7 **CONCLUSIONS OF LAW**

8 **I. Securities**

9 The offer and/or sale of viatical settlement contracts described above constitutes the offer and/or  
10 sale of a security as defined in RCW 21.20.005(10) and (12), to wit: an investment contract; or risk  
11 capital.

12 **II. Violation of RCW 21.20.140**

13 The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration  
14 for such offer and/or sale is on file with the Securities Administrator of the state of Washington.

15 **III. Violation of RCW 21.20.040**

16 Respondent Evans has violated RCW 21.20.040 by offering said securities while not being  
17 registered as a broker-dealers or securities salesperson in the state of Washington.

18 **CONSENT ORDER**

19 Based on the foregoing,

20 IT IS AGREED AND ORDERED that William R. Evans, Chartered, and its agents, employees,  
21 affiliates, and successors shall cease and desist from offering and selling securities in any manner in  
22 violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

1 IT IS FURTHER AGREED AND ORDERED that William R. Evans, Chartered, and its agents,  
2 employees, affiliates, and successors shall cease and desist from offering and/or selling securities in  
3 violation of RCW 21.20.040, the securities salesperson registration section of the Securities Act of  
4 Washington.

5 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent  
6 Order.

7 In consideration of the foregoing, William R. Evans, Chartered waives its right to a hearing in this  
8 matter, and waives his right to judicial review of this Consent Order pursuant to RCW 21.20.440.

9 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

10 SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

11 Approved as to form by:

12  
13 \_\_\_\_\_  
14 George R.A. Doumar  
15 District of Columbia Bar #415446  
16 Dilworth Paxon PLLC  
17 Attorney for William R. Evans, Chartered

18 Respondent:

19 WILLIAM R. EVANS, CHARTERED

20 \_\_\_\_\_  
21 William R. Evans

22 ///

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1 THIS ORDER ENTERED THIS 17th DAY OF March 2003 BY:

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4 DEBORAH R. BORTNER  
5 Securities Administrator

6 Approved by:

Presented by:

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8 \_\_\_\_\_  
9 Michael E. Stevenson  
Chief of Enforcement

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Chad Standifer  
Staff Attorney

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23 CONSENT ORDER

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
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Olympia, WA 98507-9033  
360-902-8760